DIRECTIONS FOR A NATIONAL
AGRICULTURAL DEVELOPMENT STRATEGY
FOR CANADA

Agricultural Trade

A Saskatchewan Position Paper
Prepared for the First Ministers' Conference
on the Economy

November 28-29, 1985

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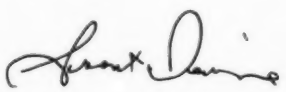
PREFACE

Today, Canadian agriculture is facing an economic environment which is fundamentally different than was the case in the past. The changes which have occurred call into question old approaches to national agricultural policy and point to the necessity for review and modification to meet today's needs.

This paper is one of four prepared as background to discussions on agriculture at the **First Ministers' Conference** in November 1985. The papers incorporate the views of many agricultural organizations presented as **briefs to the Government of Saskatchewan** and many of the issues raised at the **Saskatchewan Agriculture Conference** of October, 1985. They address the urgent requirement for a **national disaster program** and the need to review and modify policies, programs and regulations which affect **farm finance, trade and new technology and resource development.** These documents have been prepared to encourage public and farmer participation in discussions on the future of agriculture in Canada.

The Government of Saskatchewan is dedicated to the furtherance of agricultural prosperity. It is hoped that the ideas in these papers will contribute to a federal-provincial agreement on the need and the process to establish a new **National Agricultural Policy for Canada.**



Grant Devine
Premier of Saskatchewan

Regina, Saskatchewan
November, 1985

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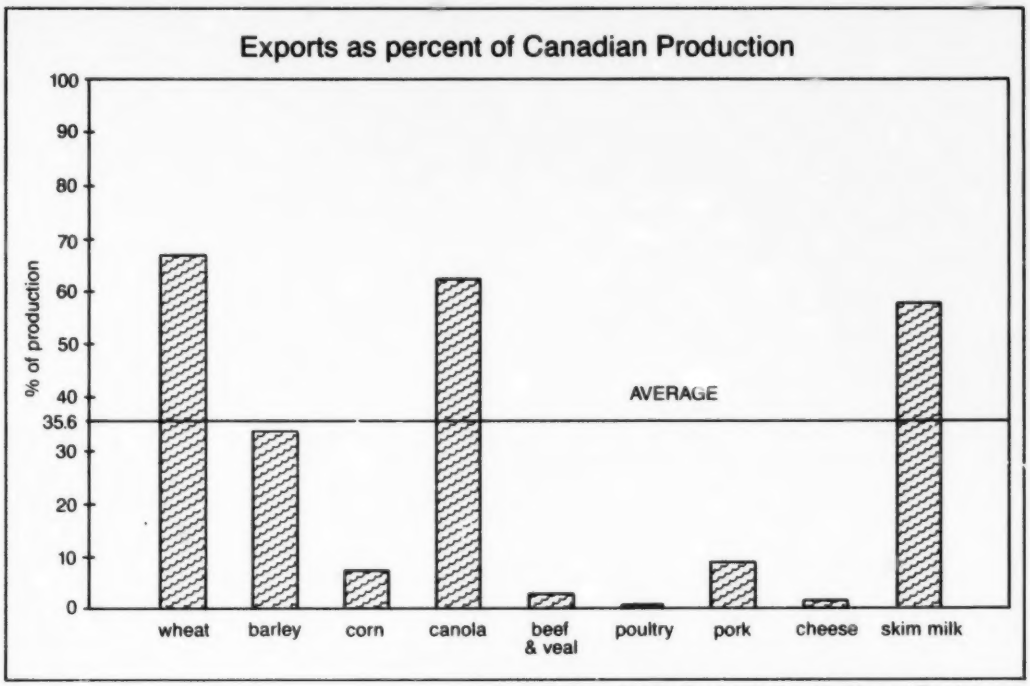
AGRICULTURAL TRADE

INTRODUCTION

Trade is crucial to any agricultural strategy because more than one-third of all agricultural goods produced in Canada are exported. Additionally, a significant share of the food produced in Canada flows between provinces. For the past decade, agricultural trade has not been a problem. Canadian farmers have been able to sell virtually all that they could produce. The markets, however, are changing. European Economic Community (EEC), North American and third world farm subsidies have seriously distorted food production, threatening the economic viability of naturally competitive producers. Markets are becoming more competitive. As well, the demand for agricultural products is shifting from the developed world to the cash poor developing world. Sustaining or increasing market share will require that Canadian governments seriously address the issue of ensuring access to international markets and enhance Canadian merchandising efforts. Provincial and federal governments will have to look at the influence of marketing boards domestically and consider allowing more agricultural producers to face market forces. The pay-off can be more opportunities to expand exports of present and new crops, value-added products, services and technology which will ultimately lead to more employment in Canada.

AGRICULTURAL TRADE IN CONTEXT

International trade is crucial to any national agricultural strategy because more than one-third of all agricultural goods produced in Canada are exported. Even a greater proportion of some commodities is exported. More than two-thirds of all wheat is exported, while one-third of barley, 63 percent of canola and 58 percent of industrial milk is shipped abroad. Consequently, it is impossible to discuss developing a national strategy without first determining the opportunities and constraints imposed by changing world markets.



Source: Organization for Economic Cooperation and Development

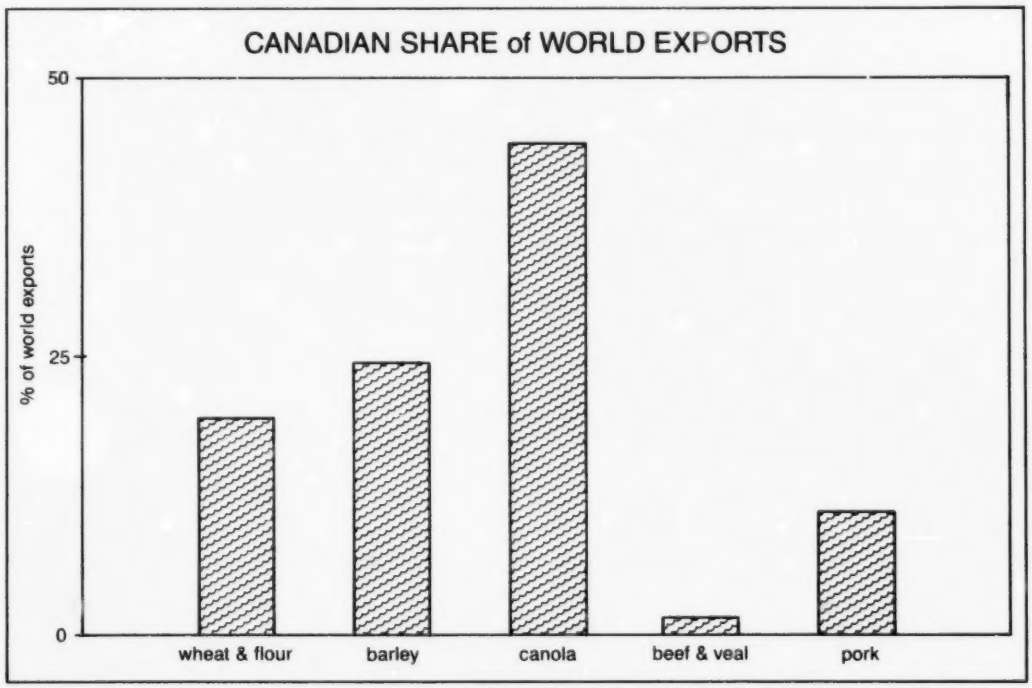
Canadian agriculture is more important for the rest of the Canadian economy than indicated by the average 4 percent share of GDP attributed to agriculture. Agricultural exports represent about 10 percent of total merchandise exports. Even more important, the net balance of trade in agricultural products (exports less imports) has historically been positive. In other words, Canada has exported more agricultural products (esp. grains and livestock) than it has imported (largely fruits and vegetables).

SELECTED STATISTICS FOR AGRICULTURE IN CANADA

	1980	1981	1982	1983	1984	1980-84 AVERAGE
AGRICULTURAL SHARE OF TOTAL EXPORTS	9.6%	10.0%	10.6%	10.1%	8.7%	9.8%
NET TRADE IN AGRIC. GOODS	($ BILLIONS)					
- GRAINS	4.89	5.43	5.84	6.21	6.17	5.71
- LIVESTOCK AND DAIRY	0.45	0.46	0.84	0.71	0.90	0.67
- FRUIT, VEGETABLE, ETC.	-2.54	-2.52	-2.37	-2.40	-2.79	-2.52
TOTAL	2.80	3.38	4.31	4.52	4.28	3.86
MERCHANDISE TRADE SURPLUS	8.78	7.33	17.81	17.71	20.67	--
- AGRICULTURE SHARE	32.0%	46.1%	24.2%	25.5%	20.7%	29.7%
- GRAIN+LIVESTOCK SHARE	60.9%	80.5%	37.5%	39.1%	34.2%	50.4%
CURRENT ACCOUNT BALANCE	-1.11	-6.07	2.67	1.69	2.55	-0.06
- NET OF AGRICULTURE	-3.92	-9.44	-1.64	-2.83	-1.73	-3.91
- NET GRAIN+LIVESTOCK	-6.46	-11.96	-4.02	-5.23	-4.51	-6.44

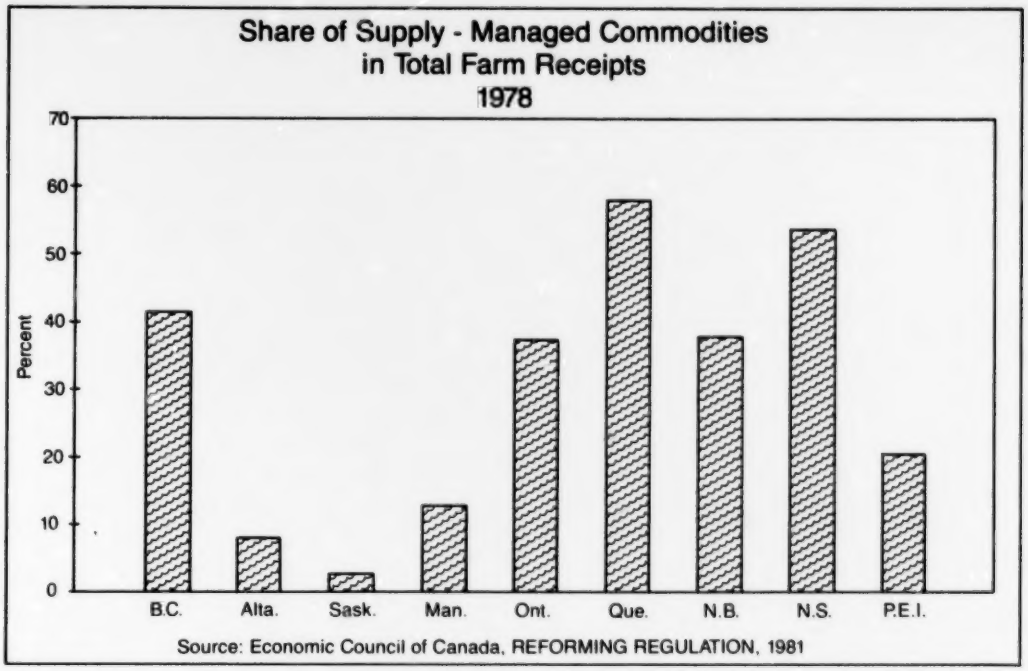
Grain and livestock exports accounted for more than half of the overall trade surplus in the 1980-84 period. This surplus in total agricultural trade accounted for about 30 percent of the cumulative merchandise trade surplus in the same period. Without this massive surplus in agricultural trade, Canada would have recorded a cumulative current account deficit of $19.6 billion over the period. The net inflow of funds resulting from the agricultural trade surplus has provided Canada with a large stock of investment capital at favourable rates and has thereby supported the development and diversification of the Canadian economy.

Canadian agricultural exports are also large in the world context. Canadian exports account for about 20 percent of world trade in wheat, 25 percent of barley trade, 45 percent of canola trade and 11 percent of pork trade. Total Canadian exports of agricultural goods account for about 4 percent of world agricultural trade, second only to the United States. In contrast, Canada accounts for only about 0.6 percent of the total world population.



Source: Organization for Economic Cooperation and Development

Domestic food trade is also large. Western grain and livestock producers supply a large proportion of the food market in central and Atlantic Canada while Ontario and Quebec producers provide the West and Atlantic provinces with a significant share of our processed foods. Domestic markets, however, are not operating as efficiently as possible, limiting the potential domestic gains from trade. Statistics show that the supply of a significant share of farm commodities produced in Canada are supply-managed by marketing boards.



THE WORLD TRADING ENVIRONMENT IS CHANGING

The world agricultural trading environment has changed in the 1980s to a time of rising trade barriers and weakening demand and prices. The past 20 years were characterized by expanding demand and strong prices. Technological and taste changes, along with developments in the major producing and consuming countries have created new opportunities and posed new constraints that will dominate the decade ahead.

Many importing nations have erected barriers to restrict or discourage imports of agricultural products while many exporting nations are subsidizing exports of their surplus food. These actions are contrary to the spirit of liberalized trade as envisaged by the General Agreement on Tariffs and Trade (GATT). Japan, the European Community, the United States and many cash-starved third world producers are the prime offenders.

Production subsidies and import controls have seriously distorted trade flows. The Economist newspaper estimated that in 1982 the EEC system of farm subsidies "(a) cause(d) so much food to be dumped in the third world that farmers there stopped growing for market; (b) cost every man, woman and child in the common market $100 a year; and (c) threaten completely to stall the faltering effort in the General Agreement on Tariffs and Trade (GATT) to roll back trade protectionism."

EEC SUPPORT PRICES 1982-83

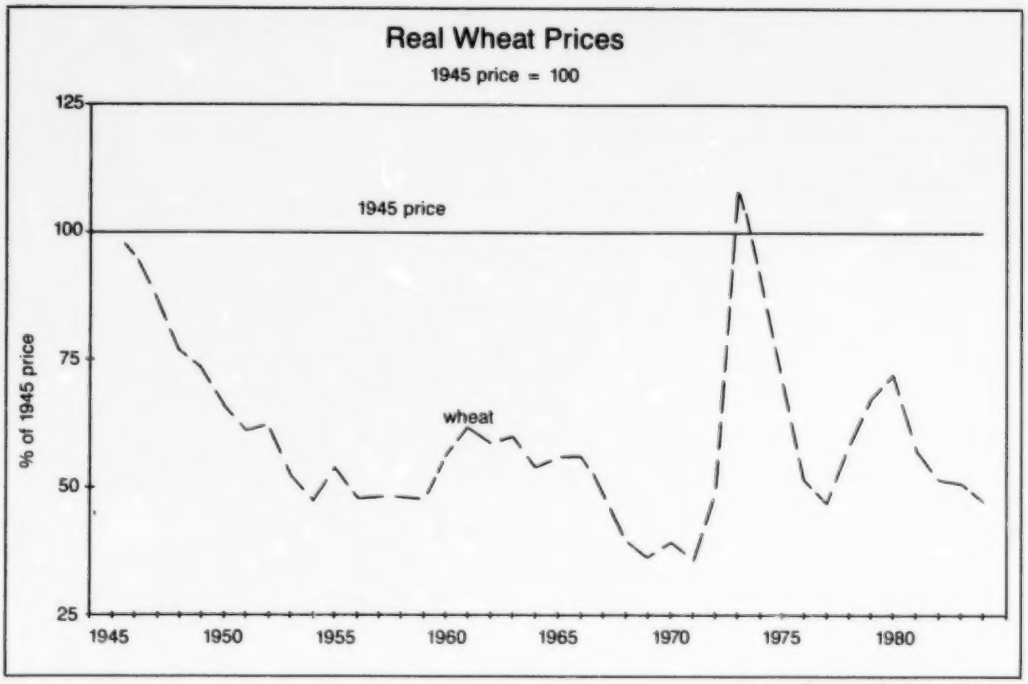
COMMODITY & UNIT	EEC SUPPORT PRICE (US$)	WORLD PRICE (US$)	RATIO EEC TO WORLD PRICE
WHEAT (MT)	209	152	1.375
BARLEY (MT)	179	133	1.346
CORN (MT)	179	110	1.627
SOYABEANS (MT)	527	234	2.252
BUTTER (100 KGS)	350	229	1.528

EEC support prices are intervention prices for barley, corn and butter; reference price for milling quality wheat; guide price for soyabeans

Farm subsidies are costly. A recent study by the Australian government estimates that the Common Agricultural Policy (CAP), by guaranteeing farmers high prices, cost an estimated U.S. $57 billion to $67 billion a year. This injection of funds is so great that Europe is virtually self sufficient in food and exports some grain. This additional production has also depressed world prices for agricultural prices by about 16 per cent.

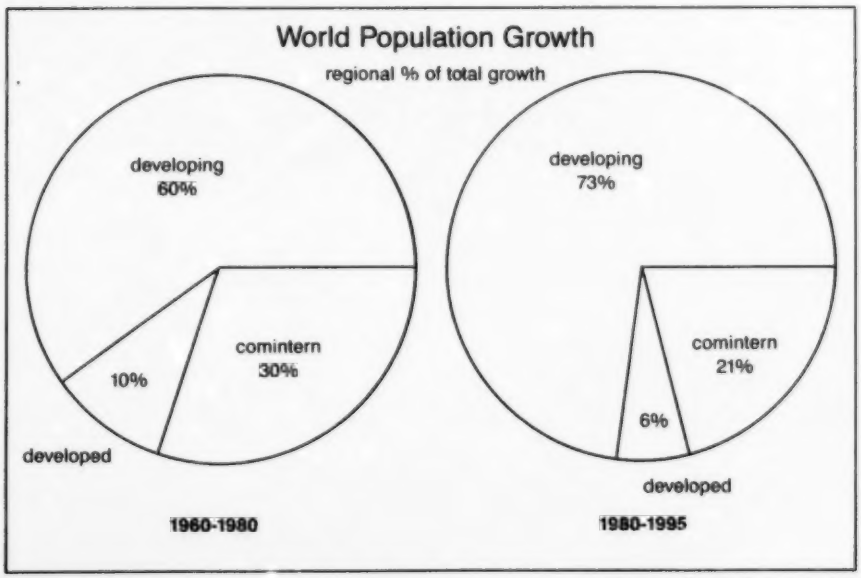
These types of subsidies are serious equally because they both destroy the natural competitive distribution of food production and threaten to precipitate a trade war. The United States recently announced it will retaliate with two new programs. First, the USDA has introduced a three-year, $2 billion export bonus program to enhance grain exports. Sales will be assisted in markets where competitors already subsidize sales. Second, the Administration has created an additional $300 million "war chest" to subsidize non-grain exporters in markets where competitors subsidize sales.

Inflation-adjusted (real) grain prices are expected to resume their historical decline during the next decade after posting strong gains in the 1970s. World supply of most traded cereals is expected to grow faster than effective demand for these products. Consequently, producers face prospects of declining nominal and real prices. Grain prices, nevertheless, will be subject to random shocks as isolated crop failures or gluts occur. Real red meat prices, meanwhile, will slip as consumers reduce consumption of red meats and eat more poultry.



Source: Statistics Canada

World demographics are changing, affecting agricultural trade. Most of the population growth in the next decade is forecast to occur in the developing or centrally planned economies; there will be little new growth in wealthy, developed countries. Between 1960 and 1980, developing countries accounted for less than 60 percent of total world population growth. Current forecasts suggest about 73 percent of the total population growth in the next decade could occur in those areas. Consequently, by the year 2000, the developed countries of the world could account for only about 10 to 15 percent of the world population, down from almost one-quarter in 1960.



Source: Chase Econometrics

This changing distribution of population will cause major shifts in economic trade and capital flows. The anticipated slower population growth in developed and wealthier centrally planned economies will force sellers to look more carefully at the poorer but more rapidly growing markets in the third world. Canadian agriculture grew and developed with the "first world" countries. Food production in Canada is designed to appeal to the "developed" tastes of Europe and the United States. Canadian producers concentrate predominately on high quality milling wheats and grain-fed beef. The shift in markets to the Pacific Rim and poor third world areas will translate into different demands. These nations are in different stages of development and require different types of meats and grains. Canadian producers must take care to ensure that they grow what can be sold.

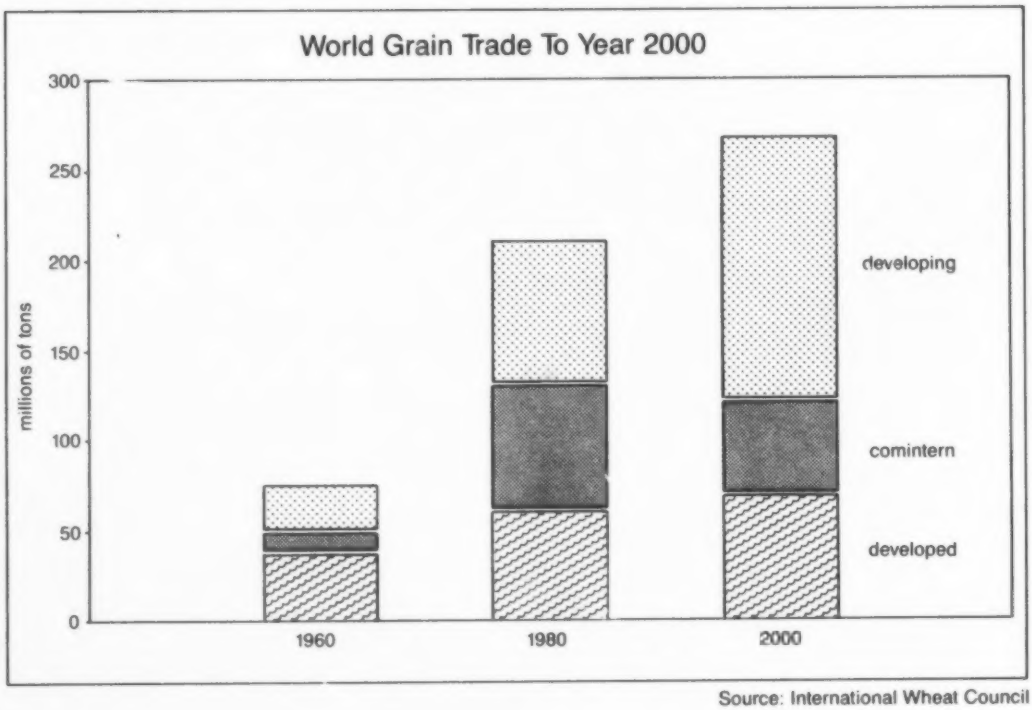
> "With many of the countries which are now importing grain striving to become self sufficient in grain production, it is not inconceivable that our traditional big export item, hard red spring wheat, could no longer be in demand. It therefore behooves Canada to be ever on the lookout for new markets. This may mean we will have to look at a change in production patterns and turn to new crops. Indeed we have already seen some diversification within the wheat industry. We now have a small acreage of HY320 wheat which will be marketed as Canada Prairie Spring Wheat and we have a significant acreage of winter wheat. We feel that this move to broaden the base of our wheat sales is a positive move but we feel Canada must go beyond this." (Saskatchewan Association of Rural Municipalities brief)

World agricultural trade patterns are shifting.

Grains

On the supply side, production continues to outpace demand. World inventories for wheat reached record levels in 1984-85 and are forecast to rise further this crop year.

- The "green revolution" of the 1960s has dramatically increased worldwide production of cereal grains, to the extent that traditional importers such as India and China appear to have achieved self-sufficiency in cereals production. India has exported a small quantity of wheat in recent years while China has not extended expiring long term contracts with the U.S. and Canada.



Source: International Wheat Council

- The U.S. plans to change its set of farm support programs. The 1985 Farm Bill will likely change the loan rate to more closely reflect market prices, which could lower world grain prices and will likely reduce the level of Commodity Credit Corporation stocks. Consequently, other grain exporting nations will have to hold more stocks in the future or market clear at a lower price.

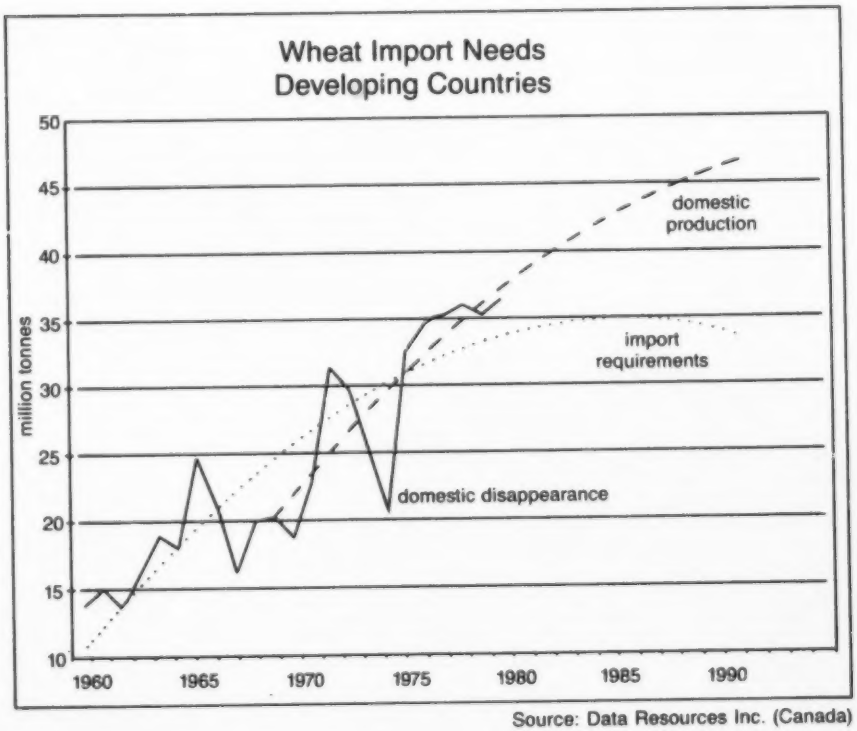
- A number of grain exporters in the third world — in dire need of hard currency to pay for imports and to service massive external debts — are willing to undercut prevailing market prices and engage in barter trade. Argentina, in particular, recently has discounted its grain prices to sell all the grain it can.

- The bio-technological revolution in agriculture has also created formidable competition in new, high-yielding wheat varieties.

On the demand side, a number of factors have combined to reduce the "effective" demand for grain. It is necessary to distinguish between "effective" demand and need for agricultural products; much of the third world could use more food but they do not have the resources to pay for imports.

- Growth in real, per capita disposable income will remain moderate by historical standards, dampening growth in demand for wheat in both developed and third world countries.

- Per capita consumption of wheat has reached a plateau in importing nations. As most of the traditional wheat importing nations have become wealthier, consumption has shifted to red meats from cereal grains, causing a rise in demand for coarse (feed) grains.



Source: Data Resources Inc. (Canada)

- In the past, developing countries have tried to jump straight to industrial growth, rather than first achieve agricultural self-sufficiency. Third world countries, at the urging of the IMF, may no longer follow this development pattern. Consequently, developing countries could provide fewer market opportunities in the future.

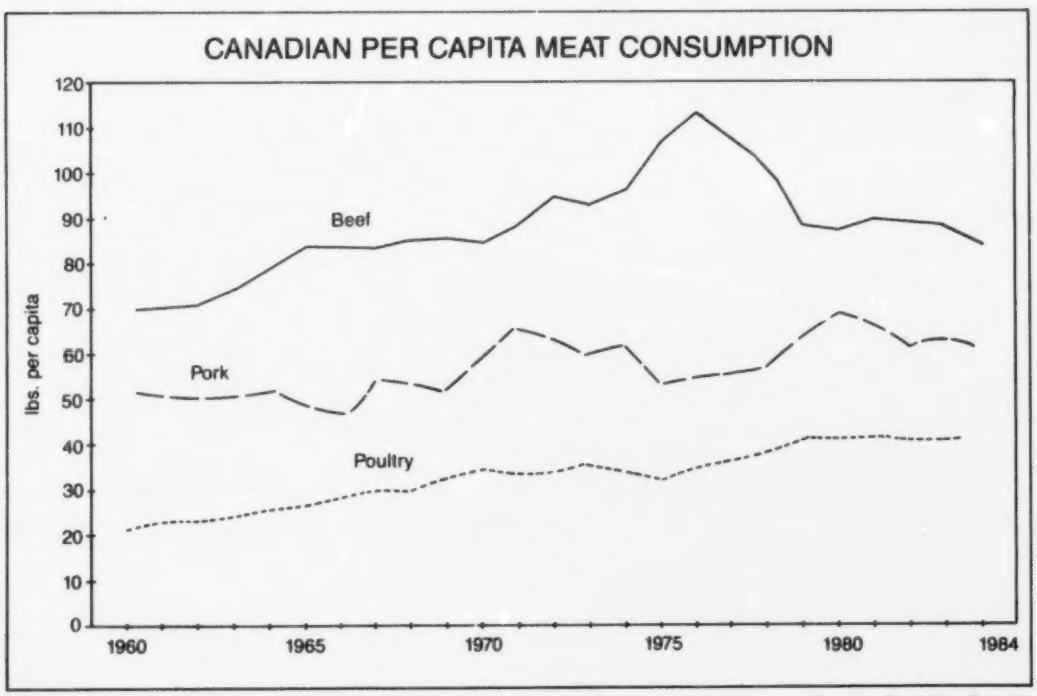
- Demographic projections suggest that the major natural growth market for wheat is in the cash poor third world. These nations are usually short of hard currency and are often under trade restrictions imposed by the IMF. Consequently, these nations can import wheat only if exporters are willing to barter or provide preferential financing.

- New milling and baking technology have also reduced demand for hard spring wheat, the major grain export from Canada. Importers are now able to import a lower quality of wheat for flour milling.

Livestock and Other Products

The world market for red meats has undergone significant changes in recent years.

- Per capita consumption of red meats has declined in North America since the mid 1970s as consumers have responded to health concerns. Poultry consumption has taken an increasing share of the meat market. This is causing rationalization of the North American red meat industry and cries for increased protection for U.S. red meat producers.



Source: Statistics Canada

- Even in the red meat market, consumption patterns are changing. The largest opportunities are for the lower grade hamburger beefs.

- North America is currently the only major deficit area for beef. Consequently, there is great competition in the industry to gain a larger share of the U.S. market. In other markets, Canada has not tailored its product to local taste.

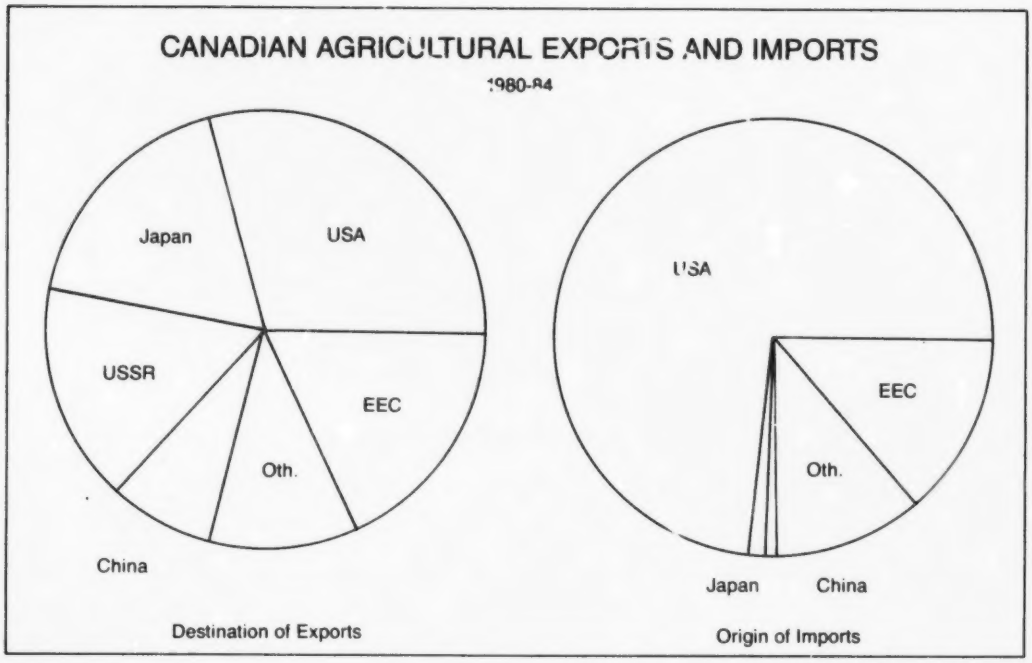
Canadian producers of livestock, fruit and vegetables do not have a natural competitive advantage. The Canadian climate is well suited to producing well marbled beef but is not particularly good for producing hamburger beef, industrial dairy products, fruits or vegetables. The frost-free growing season is too short to allow Canadian producers to compete with producers from the southern U.S. or Australia, with 365-day growing seasons. The short growing season in Canada makes it most difficult for farmers to afford the capital infrastructure associated with world class operations in these industries.

A larger proportion of international agricultural trade is being conducted by government marketing agencies — such as the Canadian Wheat Board and the Australian Wheat Board — and central buying agencies — including state agencies in the Soviet Union and China. Some estimate that 90 percent of total grain trading is conducted by state trading houses. The United States is the only country of significance that does private trading.

POLICY ISSUES AND OPPORTUNITIES

> "It is clear that the Canadian grain industry must, as a net exporter, be particularly mindful of the realities of the world marketplace. Today that marketplace is under significant pressure. Canada, to compete, must define clearly its objectives, then devise policy to meet that objective." (Western Canadian Wheat Growers Association brief)

Canada generally has sold all of the agricultural products it could produce on world markets.



Source: Statistics Canada

Times are changing. The trade environment in both North America and the world is becoming more competitive. Many countries are attempting to solve internal economic problems by becoming more protectionist. Other countries are pursuing food self-sufficency. Consequently, many developing countries are emerging as trading and export nations. There is a need to ensure that we can sustain and increase our access to North American and world markets. Canadian agriculture lives by access to these markets.

Institutional Setting

Canada must ensure that the institutional setting for trade is conducive to maintaining and increasing trade in agricultural products. There are numerous institutions that assist access and development of export markets. They must be made more responsive to changing conditions.

a. Trade is a federal responsibility under our constitution. Agriculture, however, is a concurrent jurisdiction with both the federal and provincial governments introducing policies which impact on agriculture. Policies undertaken by provinces can, and do, have an impact on trade in agricultural products. It is necessary for the provinces and the federal government to ensure that their policies are consistent.

b. Within the federal government at least four ministers have some responsibility for agricultural trade - External Affairs, Trade, Canadian Wheat Board, and Agriculture. It is easy for agricultural trade policy to fall between the cracks, with four ministers having varying degrees of responsibility. One minister/ministry should have overall responsibility for agricultural trade and should ensure that policy is properly co-ordinated across government departments. The person responsible for domestic agriculture policy, in particular, must contribute directly to the setting of agricultural trade policy.

Much of Canada's institutional framework was based on the old trading environment. Conditions have changed and it is necessary for us to evaluate and adapt to accommodate these changes. The rationalization of responsibilities is necessary to ensure that Canada treats the agricultural industry fairly at the upcoming trade talks.

> "All governments must ensure that agriculture interests are not disproportionately sacrificed to other sectors in the negotiations." (Saskatchewan Beef Stabilization Board brief)

> "We expect knowledgeable agriculture experts to be included on the negotiations committee, to ensure that our interest in agriculture is represented and negotiated fairly." (Saskatchewan Stock Growers Association brief)

Access to World Markets

The world has seen a gradual reduction in trade barriers over the past few decades. The massive burden of production and export subsidies in the farm sector, however, threatens to precipitate a trade war and more protection. Canadian producers can only lose if that occurs. Continued government action is needed to ensure that access to international markets remains open to Canadian producers. Domestically, however, governments and producers have gone out of their way to erect barriers to trade.

Canada must work for a freer trading environment. This can be done in a number of ways:

a. Agricultural trade should be brought under the General Agreement on Tariffs and Trade (GATT) rules and disciplines, especially in terms of improved access to markets. There needs to be a greater discipline over export competition to ensure that competition, and not other considerations, determines who accesses these markets. Canada should take a lead role in the new round of negotiations to ensure that we can establish a proper environment for agricultural trade.

b. The federal government should be prepared to negotiate bilateral trade agreements with present and potential trading partners. Many of our non-grain agricultural products are exchanged with the United States. Canada, therefore, should

also concentrate on establishing bilateral trading arrangements with our major trading partner — the United States.

c. Canada, at the same time, must work towards reducing the barriers that limit and distort interprovincial trade of agricultural products. This thrust will necessarily address:

- agricultural marketing boards;
- agricultural subsidy and support programs;
- restrictive product standards or regulations administered by provinces; and
- federal transportation policies governing shipment of agricultural products.

Enhance the Merchandising Thrust

The economic benefits of free trade in a perfectly competitive world are well known. The world, however, does not work like a perfectly competitive economic model. Canadian producers must have the merchandising capabilities to fully exploit these markets. Above all, governments must work with producers and private traders to ensure more flexibility in the merchandising system.

a. The Canadian Wheat Board is responsible for exporting Prairie wheat, oats and barley -- the bulk of Canada's foreign grain sales. Private companies handle exports of non-board grains, oilseeds such as canola and other crops. Those exports have been steadily growing, reaching almost $1.8 billion last year. The role and success of private traders is inextricably linked to the role of the Canadian Wheat Board. The Board's monopoly position effectively reduces market options for private traders.

The farm business community generally supports the Board system. There are, however, concerns that the Board must move with the times and improve and strengthen its marketing efforts. Private traders could play a part in this improvement. Private traders should be provided opportunities to join the Canadian Wheat Board in larger, more diversified, food deals. The Board would provide the grains, while private traders could be encouraged to provide technology, more processed foods and non-Board grains. This type of a relationship would assist both the Board and private traders. The Board sales strategy would be more balanced and flexible while private traders would have access to new markets. Canadian food producers would benefit both ways.

The government must co-ordinate the efforts of the financial community, producer groups and organizations such as international trading houses to ensure that Canadian

agricultural products are competitive in world markets. Canada should also look to other countries to determine new methods of merchandising which can be used to assist these efforts.

b. Canada must recognize that our competitors in the world market frequently use government export financing schemes to compete. A recent Conference Board of Canada report concluded that Canada provides less financing support than either the U.S. or other OECD competitors. This competition calls for more innovative export financing by Canada and for different merchandising pricing and thrusts, including barter arrangements, guarantees on financing, aid/trade actions and/or export subsidies.

The Canadian government has acknowledged this concern and recently improved its assistance to the industry. The federal Export Development Corporation will now insure credit sales for longer terms and has pledged to reduce or speed up the approval process. Under the new program, the corporation will insure grain sales to a foreign country on credit of up to a year and has promised approval within a few hours. The program will cover exports of grains, oilseeds, legumes, forage crops, vegetables, milk, meat, poultry and eggs, but excludes live animals and processed or packaged food.

The Wheat Board can arrange loans guaranteed by Ottawa for terms of up to three years. The extension of EDC provisions is an improvement, but governments should consider extending coverage to other commodities such as live animals and processed food, increase the credit term beyond one year, and expand the resources available for assistance. The Financial Administration Act, however, limits the usefulness of the EDC by requiring the EDC be financially viable, independent of government support. This conflict between promoting exports and maintaining financial viability must be resolved.

c. Institutional barriers also have an impact on agricultural trade. Market, transportation and production regulations all may limit development opportunities.

- Marketing regulations, such as grading and health standards imposed on agricultural products, often act as non-tariff barriers restricting agriculture trade. The recent chloramphenicol ban by several American states on meat products is a prime example.

- Transportation regulations have, in some cases, stalled diversification. Specifically, the Port of Vancouver does not allow container ships to load cargo. This is a major problem for new companies trying to diversify into small unit, food shipments.

- Production regulations also have reduced flexibility and farmers' abilities to respond to changed conditions. For example, the Canada Seeds Act still requires visual identification in both wheat and barley varieties. Malt barley varieties must be visually identifiable from feed varieties or they will not be licenced as a malting variety. Given that maltsters buy all grain on a chemical basis and not through visual inspection, there is no rationale for this regulation. Plant breeders, however, are hindered in their selection of new varieties because all new varieties must be distinguishable. This particular regulation is archaic and is costly for both farmers and the country.

d. Canada should ensure we have the necessary expertise to study the benefits and costs of world cartels for certain products. Canada actively participated in the now lapsed International Wheat Agreement. We should seriously investigate the possibility of working with other producing nations to achieve other like arrangements in the future (for wheat and other food products).

   Canada must also examine international pricing strategies for agricultural products to ensure that maximum returns are captured by the farm economy. Differential pricing strategies may be possible in some offshore markets.

e. Many countries use food aid programs as part of their economic aid packages. Canada generally gives money rather than food aid. Canada's role in this area should be re-examined to determined how to derive the greatest benefit to both the recipients and Canada. This should include a review of Canada's role in the United Nations and the World Bank. Canada should exert more influence in international food aid institutions, including the U.N. and the World Bank. Third world, developing countries may not be able to afford to buy our food stuffs, but the large international agencies can.

   Canada should also consider expanding and refocusing spending on foreign aid. The new target level of aid for 1990-91 is 0.6 percent of GNP, with the 0.7 percent mark put off until 1995-96. Canada should investigate the possibility of expanding our level of aid but tying more aid to trade with Canada. Most other nations require more aid to be spent on imports from the donor country.

Trade in Value-Added Products

Any new trade initiatives for agriculture will need to include measures to ensure value-added exports are expanded. If Canada can sort out its institutional setting, we should be able to take advantage of these new opportunities. Ultimately, expansion of value-added exports will create or sustain employment in Canada.

a. Trade in Agriculture Services and Technology

Canada should re-examine its role in exporting farm technology to other countries. We need to resolve the conflicts between humanitarian, trade and agricultural interests. The export of agricultural services to less developed countries helps them become self-sufficient in food production. This frees up scarce foreign exchange, thereby facilitating greater non-agricultural exports from Canada. Canadian food exports, however, may decline as a result of this new technology. Canada also has a role to play in research and development technology for development of agriculture in the less developed countries. Canada has the resources to become the "brain basket" for the world food industry. Canada should focus efforts on entering the field, perhaps by bidding for international centres of excellence, such as the UNIDO centre for Genetic Engineering.

b. Other Value-Added Opportunities

Canada needs to explore the opportunities available for value-added opportunities in agriculture in Canada. Possibilities include wheat glutens and oilseed crushing. Many of these value-added opportunities will be in particular markets and Canada will have to devote more resources to analyzing the size, opportunities and national peculiarities of each market.

Expansion of value-added food exports will likely require more effort on market development. Many of our products -- marbled beef, white wheat flour -- are not well accepted in developing markets for cultural or technical reasons. The government, in conjunction with the industry, may need to work in potential markets to influence local tastes or enhance local capital capacity in order to sell there.

We should also investigate the possibility of enticing final buyers of our raw food materials to invest in value-added production capacity in Canada. Investors could be guaranteed supply in exchange. In this period of political and economic uncertainty abroad, this can be a powerful bargaining position.

CONCLUSIONS

The changing international trading environment is creating many new and exciting opportunities for Canadian farmers. The new markets are both different and more difficult. Competition will continue to be spirited as long as farm subsidies in producing countries encourage over-production. The changes are not all discouraging. The shifts in population growth and concomitant changing demands are creating many new and profitable niches.

Canada must adapt to these changes to capitalize on the opportunities. If we can resolve the domestic barriers and

constraints to flexible responses and work towards a freer international trade environment, Canadian farmers will be able to continue to contribute to, and participate in, economic growth and prosperity.

The Western Barley Growers Association summed it best when they told the recent Saskatchewan Agriculture Conference in Saskatoon, that "Canadian farmers, and Western Canadian farmers in particular, are very efficient allowing them to compete and even prosper in a free trade environment."

SASKATCHEWAN RECOMMENDATIONS FOR ACTION ON TRADE

1. Federal and provincial governments must make every effort to ensure sustained and increasing access to North American and world markets.

2. At the federal level, one minister/ministry should have overall responsibility for agricultural trade, while the federal and provincial governments must ensure that their agricultural policies are consistent.

3. Canada should take a lead role in negotiating an international agreement to establish a proper environment for agricultural trade based on competition.

4. Canada should investigate bilateral trade agreements with present and potential trading partners.

5. All governments should work to eliminate barriers limiting and distorting interprovincial trade (marketing, transportation and production regulations).

6. Private traders should be permitted and encouraged to participate with the Canadian Wheat Board in larger, more diversified food deals.

7. Canada should co-operate with the private sector to investigate more innovative export financing schemes (e.g. export credits) and new methods of merchandising (barter arrangements).

8. Canada should investigate the possibility of joining with other producing nations in cartels for certain agricultural products.

9. Canada must review foreign aid/trade ties.

10. Canada should become a leader in research and development technology for agriculture in the Third World.

11. Canada should place more emphasis on market development for value-added food exports.

12. Canada should examine the options for differential pricing strategies for agricultural products in offshore markets.